

1. New Insurance Consumer Advocate.

After holding meetings and seeking input from legislators and local and national consumer advocates to precisely define the expectations of the person to be hired as the consumer advocate, the position was posted. As of August 11 both the Insurance Commissioner and the Governor's office have copies of the many applications submitted. Interviews of candidates with the necessary qualifications will follow soon.

2. Iowa Choice Health Care Coverage Advisory Council.

The Advisory Council held its first meeting on August 11. The council is moving forward with plans to provide health care coverage to Iowans.

3. Continuation of Coverage for Children.

The Division received many inquiries from a variety of individuals, most of whom had children who were about to lose coverage because of having attained the age specified in their parent's family coverage after which they would lose coverage under that coverage. These callers seemed to believe that continuation might occur without consequence or cost. As was noted in the meeting including DAS this summer that is not the case, not even for state employees. Further, their desire often was that the continuation be allowed to be effective on July 1, when the law became effective. Once again, that was not the situation for most callers because the anniversary date of most contracts specified as the trigger for the eligibility for the new continuation policy was something other than July 1. As an aid to the understanding of the implications of the new law, the Division posted a Q&A on the matter to its website. That Q&A is attached at the end of this document.

4. Elimination of Pre-Existing Conditions in Some Individual Health Insurance.

The Division has also had many calls about the applicability of the section of HF2539 that applied to the elimination of waiting periods for existing conditions in individual health insurance after a person had prior qualifying coverage in a group health insurance coverage that would satisfy the individual plan requirements. Most of the confusion had to do with the assumption by some people that the law eliminated the ability of the insurance company to decide whether or not to accept the applicant, or to accept the applicant subject to exclusion of treatment of specified health conditions. In its opening line the provision states, "an insurer which accepts", placing the ability to accept or reject an applicant for coverage with the insurer. The impact of this change in the law favors the applicant who makes a change from group to individual coverage without having a known health problem. Such applicants are more likely to be accepted than those with health problems, and would enjoy the benefit of coverage without applicable existing condition limitations, if a condition was discovered in the initial months of new coverage. For those whose health is such that the insurer sees it as too great a risk to assume, this provision of HF2539 has no practical value. As it has been, those persons have more limitations on their available choices, and may pay a higher rate for their health protection.

Provisions for Continuation of Dependent Child Coverage in HF2539

Frequently asked questions.

Updated 6/25/2008

What change in current practice does HF 2539 bring to the coverage of children under family health insurance coverage?

For children of parents in state-regulated plans, they may continue coverage in some

circumstances when they would have been off their parent's contracts under current insurer rules.

When does this take affect?

This law takes effect on July 1, 2008

What types of plans are covered by state regulation and therefore covered by this law?

Individual plans, insurance plans provided by employer groups subject to Iowa law and

self-funded plans for employees of state, county or municipal governments are subject to

this law. Many large employers and medium-sized employer groups will not be subject to

this law, if they are self-funded plans; as such plans are not subject to regulation by this

state.

What are the new age limits and how do they compare to the old limits?

The new maximum age for children to remain covered is 25, which was formerly 19

years old in most cases. Some coverages currently limit coverage for full-time

dependent students to 23. There is no maximum age for full-time students under this

law.

Do children have to be dependents to remain covered?

Not after the law becomes effective. The new law does not reference dependent children, only currently covered children.

What could cause a currently covered child covered under a family contract to lose coverage?

Insurers are not required to continue to cover a child who is no longer a resident of Iowa, or who marries.

What happens if children are not currently covered on their parent's insurance, but are under the age of 25. Can they enroll?

That would depend on an individual's situation and the enrollment terms of his or her individual group coverage. The law specifies that this is a continuation of existing coverage to the anniversary date after becoming age 25, so that the coverage would need to be already in force prior to July 1 for the continuation to be possible.

What if my health insurance policy anniversary date falls on a date different than July 1?

The language in the statute stipulates that the effective date of the continuation provision will be on the date the policy renews. For those contracts renewing July 1, that will be the effective date of the change, while other policy anniversary dates will have applicability at times consistent with their renewal.

Are there tax consequences to providing coverage to a child who is not a dependent?

Federal tax law defines who is a dependent, with age of a child being one of the qualifying tests. Any portion of premiums paid by an employer for coverage of a child that does not meet the definition of dependent under federal law will be included in the

employee's gross income as reported on the employee's W-2. HF2539 extended

coverage to children who may not meet the definition of dependent under federal tax law

(e.g. full-time student but older than 25). Employees considering continuation of their

child on their health plans past age 19 should consult with their tax accountant or advisor.

Is it possible that continuing coverage under an employer-based plan may be

more expensive than buying individual coverage for the child who is over 19 and not a student?

Yes. It may be possible to buy similar coverage for less than the cost of continuing a child over 19 on an employer plan because of the relatively low health risk associated

with young people. However, such individual enrollment will probably require that the health of the child be considered in the insurer's decision about accepting coverage of the child.

Are children who are not eligible to remain on a parent's coverage able to get insurance elsewhere?

As has always been the case, until the law reaches full applicability for all children, those who no longer qualify for dependent coverage will have traditional options. Those options will still exist in addition to the option to continue the child on the parent's health plan even after HF2539 becomes applicable. The child may purchase continuation at group single rates, may become employed with an employer providing coverage, may apply for individual coverage (usually at a much lower rate given their typically low risk as healthy young adults) or if they do not qualify for any coverage may enroll in HIPIowa. It is possible that healthy children may qualify to again be covered under a parents plan by application after the provision covering children through age 25 applies to a group upon the renewal of the group on or after July 1.